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REDACTED – FOR PUBLIC INSPECTION

FILED/ACCEPTED

March 1, 2012

MAR - 1 2012

VIA COURIER

Federal Communications Commission
Office of the Secretary

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20534

Ms. Lynne Hewitt Engledow
Pricing Policy Division, Wireline Competition Bureau
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20534

Re: In the Matter of Developing a Unified Inter-carrier Compensation Regime, et al.,
CC Docket No. 01-92, WC Docket Nos. 05-337, 07-135, and 10-90, and GN
Docket No. 09-51

Dear Ms. Dortch and Ms. Hewitt Engledow:

At the request of the staff of the Federal Communications Commission ("Commission"), the Gila River Indian Community and Gila River Telecommunications, Inc. (collectively, "GRTI"), hereby submit information concerning GRTI's projected decreases in Universal Service Fund ("USF") support as a direct result of certain rules adopted in the *USF/ICC Transformation Order*.¹ Specifically, the enclosed information are forecasts provided by Alexicon Telecommunications Consulting, Inc. and the National Exchange Carrier Association,

¹ *Connect America Fund, et al.*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (2011) ("*USF/ICC Transformation Order*").

Ms. Marlene H. Dortch, Secretary
Ms. Lynne Hewitt Engledow
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Inc. of the negative financial consequences that GRTI should expect to face. These forecasts are subject to change pending the clarification of certain issues by the Commission.²

As discussed herein, such information consists of some of GRTI's most commercially and proprietary sensitive information, the disclosure of which would place GRTI at a significant competitive disadvantage. Accordingly, GRTI has designated the information as "Confidential Information" subject to the protections of the *Protective Order* in the above-referenced docket, including the limitations on access to such information.³ Consistent with the terms of the *Protective Order*, GRTI has clearly bracketed the portions of its filing that contain Confidential Information, and is submitting herewith two redacted copies of the filing, which do not contain Confidential Information.

In addition, GRTI also is claiming protection from disclosure for the information submitted herewith pursuant to exemption 4 of the Freedom of Information Act ("FOIA"), and the Commission's rules, and requests that such information be withheld from public inspection except as provided in the *Protective Order*.⁴ Specifically, pursuant to the Commission's decision in *Examination of Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, GC Docket No. 96-55, Report and Order, FCC 98-184, 13 FCC Rcd 24816, (rel. Aug. 4, 1998) ("*Confidential Information Order*") and in accordance with FOIA and the Commission's Rules related to public information and inspection of records, e.g. 47 C.F.R. §§ 0.457 and 0.459, GRTI hereby submits this request for confidential treatment of all of the information submitted herewith to the Commission.

² Actions that may affect this forecast include: (1) adoption of a final regression model, (2) application of regression analysis to interstate common line support ("ICLS"), (3) adoption of an ICLS corporate expense cap limitation formula, (4) clarification of accounting for unsubsidized competitor rule in instances of less than 100% terrestrial competitor presence, (5) clarification on transition of originating rates, (6) adoption of rules concerning long term reform (i.e., phase out of Access Recovery Charge and intercarrier compensation), (7) the rate of return reprerescription, (8) clarification of the rules regarding the recycling of high cost loop support in conjunction with recalculating the national average cost per loop, and (9) other actions on open topics contained in the *USF/ICC Transformation Order*.

³ *In the Matter of Developing a Unified Intercarrier Compensation Regime, et al.*, CC Docket 01-92, WC Docket No. 05-337, 07-135 and 10-90, and GN Docket No. 09-51, Protective Order, 25 FCC Rcd 13160 (Chief, WCB 2010) ("*Protective Order*").

⁴ 5 U.S.C. § 552(b)(4); 47 C.F.R. § 0.457(d) (exempting from disclosure "[t]rade secrets and commercial or financial information obtained from any person and privileged or confidential").

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Statement pursuant to 47 C.F.R. § 0.459(b)

(1) Identification of the specific information for which confidential treatment is sought.

All of the information bracketed below and redacted in the public version is confidential commercial and proprietary information under Exemption 4 of the FOIA, 47 U.S.C. § 552(b)(4). Accordingly, pursuant to Section 0.456(a) of the Commission's Rules, GRTI requests that such information not be made routinely available for public inspection except as provided in the *Protective Order* in the above-referenced docket. The information includes, *inter alia*, information regarding GRTI's historical and projected telecommunications revenues and expenses as well as the number of loops served by GRTI.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission.

The information is being provided to the Commission at the request of Commission staff for inclusion in the record in the proceeding referenced in the caption of this letter request.

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged.

The data requested by the Commission contain some of GRTI's most commercially sensitive historical and projected financial information (including information regarding its universal service expenses and revenues), the disclosure of which could competitively harm GRTI.

(4) Explanation of the degree to which the information concerns a service that is subject to competition; and

The records being provided to the Commission involve telecommunications services provided by GRTI in competition with other carriers and service providers. Telecommunications is a highly competitive industry, and GRTI's services are subject to significant competition. The presence of such competition and the likelihood of competitive injury threatened by release of the information provided to the Commission by GRTI should compel the Commission to withhold the information from public disclosure, except as provided in the *Protective Order*. *CNA Financial Corp. v. Donovan*, 830 F.2d 1132, 1152 (D.C. Cir. 1987); *Frazee v. U.S. Forest Service*, 97 F.3d 367, 371 (9th Cir. 1996); *Gulf & Western Indus. v. U.S.*, 615 F.2d 527, 630 (D.C. Cir. 1979).

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(5) Explanation of how disclosure of the information could result in substantial competitive harm.

Exemption 4 requires a federal agency to withhold from public disclosure confidential or privileged commercial and financial information of a person unless there is an overriding public interest reason requiring disclosure, and the Commission has a longstanding policy of protecting the confidential commercial information of its regulatees under FOIA Exemption 4.

Two lines of cases have evolved for determining whether agency records fall within Exemption 4. Under *Critical Mass*, commercial information that is voluntarily submitted to the Commission must be withheld from public disclosure if such information is not customarily disclosed to the public by the submitter.⁵ For materials not subject to *Critical Mass*, *National Parks* establishes a two part test for determining if information qualifies for withholding under Exemption 4.⁶ The first prong asks whether disclosing the information would impair the government's ability to obtain necessary information in the future. The second prong asks whether the competitive position of the person from whom the information was obtained would be impaired or substantially harmed. If the information meets the requirements of either prong, it is exempted from disclosure under Exemption 4. Whether under *Critical Mass* or *National Parks*, the information provided by GRTI falls within Exemption 4.

The data being provided to the Commission at its request are not customarily released to the public, are maintained on a confidential basis, and are not ordinarily disclosed to parties outside GRTI. Disclosure would subject GRTI to substantial competitive harm.

The data being provided to the Commission consists of information pertaining to GRTI's historical and projected telecommunications revenues and expenses, as well as the number of loops served by GRTI, and thus represent confidential commercial information that should not be released under the FOIA, except as provided in the *Protective Order*. Competitors could use the confidential information to assist in targeting their service offerings and enhance their competitive positions, to the detriment of the competitive position of GRTI. See, e.g., *GC Micro Corp. v. Defense Logistics Agency*, 33 F.3d 1109 (9th Cir. 1994).

⁵ *Critical Mass Energy Project v. NRC*, 975 F.2d 871, 879 (D.C. Cir. 1992).

⁶ *National Parks & Conservation Assoc. v. Morton*, 498 F.2d 765 D.C. Cir. (1974) ("*National Parks*").

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Commission precedent has clearly found this type of information to be competitively sensitive and withholdable under Exemption 4.⁷ Specifically, the Commission has recognized that competitive harm can result from the disclosure of confidential business information that gives competitors insight into a company's costs, pricing plans, market strategies, and customer identities. *See In re Pan American Satellite Corporation*, FOIA Control Nos. 85-219, 86-38, 86-41, (May 2, 1986).⁸ The protective procedures established by the Commission and other governmental agencies recognize the need to keep such information confidential to the maximum extent possible. The Commission has provided assurances that it recognizes the importance of avoiding "unnecessary disclosure of information that might put its regulates at a competitive disadvantage."⁹ Accordingly, GRTI requests that the information submitted herewith be withheld from public inspection except as provided in the *Protective Order* in the above-referenced dockets.

⁷ See e.g. *In Matter of Pacific Bell Telephone Company Petition for Pricing Flexibility for Special Access and Dedicated Transport Services*, CCB/CPD No. 00-23, DA 00-2618, November 20, 2000 (supporting confidentiality for collocation data); *Local Exchange Carrier's Rates, Terms and Conditions for Expanded Interconnection Through Virtual Collocation for Special Access and Switched Transport: Southwestern Bell Telephone Company*, 13 FCC Rcd 13615 (1998) (keeping administrative operating expenses confidential because it would provide insight into business strategies); *AT&T/McCaw Merger Applications* 9 FCC Rcd 2610 (1994) (keeping confidential accounting records showing account balance information); *NAACP Legal Defense Fund on Request for Inspection of Records*, 45 RR 2d 1705 (1979) (keeping confidential records that contained employee salary information); *Mercury PCS II, LLC (Request for Inspection of Records) Omnipoint Corporation (Request for Confidential Treatment of Documents)*, FCC 00-241 (July 17, 2000) (keeping confidential marketing plans and strategy information).

⁸ Further, the Commission has ruled that not only should such data be protected, but also that information must be protected through which the competitively sensitive information can be determined. *Allnet Communications Services, Inc. Freedom of Information Act Request*, FOIA Control No. 92-149, Memorandum Opinion and Order (released August 17, 1993) at p. 3. The Commission's decision was upheld in a memorandum opinion of the U.S. Court of Appeals for the D.C. Circuit, which affirmed a U.S. District Court decision protecting the information. *Allnet Communications Services, Inc. v. FCC*, Case No. 92-5351 (memorandum opinion issued May 27, 1994, D.C. Cir.).

⁹ *Confidential Information Order* at ¶8.

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Ms. Lynne Hewitt Engledow
March 1, 2012
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If you have any questions concerning the foregoing, please contact the undersigned at 202-887-4011.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom W. Davidson". The signature is fluid and cursive, with a large initial "T" and a distinct "W".

Tom W. Davidson

cc: Geoff Blackwell
Irene Flannery

Enclosures

Alexicon Analysis

452179
GILA RIVER TELECOM.
AZ

STUDY AREA CODE
STUDY AREA NAME
STATE

ESTIMATED CHANGES IN HCL & ICLS

HCL without Caps (status quo Corp Ops limit)	\$			
Reduction from 90th Quantile CapEx & OpEx Caps	\$			
Change from New Corp Ops Exp Limit Calc	\$			
High Cost Loop Support (capped)	\$	HCL per Loop	\$	
% Change				
Interstate Common Line Support (status quo)	\$	ICLS per Loop	\$	
Corporate Operations Expense Limit to ICLS	\$	Total per Loop	\$	
Reduction in Support (\$250 per loop per month limit)	\$	Reduction	\$	
Interstate Common Line Support (capped)	\$			
% Change				
Combined HCL & ICLS		<u>Change (\$)</u>	<u>Change (%)</u>	
Before Caps				
After Caps		(1,619,291)		

PROOF OF REGRESSION CALCULATION

RECALCULATION OF FCC CAPPED STUDY AREA COST PER LOOP

AS13	CWF Main Exp to Cat 1	\$
AS14	COE Main Exp to Cat 4.13	\$
AS15	Network & General Support Exp to CWF 1 & COE 4.13	\$
AS16	Network Ops Exp to CWF 1 & COE 4.13	\$
AS17	Depr/Amort Exp to CWF 1	\$
AS18	Depr/Amort Exp to COE 4.13	\$
AS19	Corp Ops Exp to CWF 1 & COE 4.13 - Status Quo Limit	\$
AS20	Operating Taxes to CWF 1 & COE 4.13	\$
AS21	Benefits (non-Corp Ops) to CWF1 & COE 4.13	\$
AL22	Rents assigned to CWF 1 & COE 4.13	\$
AL23	Return Component for CWF 1	\$
AL24	Return Component for COE 4.13	\$
AL25	Total Unseparated Costs	\$
AL26	Revised Study Area Cost Per Loop (SACPL)	\$
	Revised SACPL per FCC	\$

Alexicon Analysis

452179
GILA RIVER TELECOM.
AZ

STUDY AREA CODE
STUDY AREA NAME
STATE

REGRESSION CAP CALCULATION

FCC REGRESSION ANALYSIS VARIABLES

1	Loops (DL 060)	
2	Housing Units (non-urbanized area)	
3	Housing Units (urbanized cluster)	
4	Housing Units (urbanized area)	
5	Land Area (non-urbanized area)	
6	Land Area (urbanized cluster)	
7	Land Area (urbanized area)	
8	Percent Water	0.000536
9	Census Blocks (non-urbanized area)	
10	Census Blocks (urbanized cluster)	
11	Census Blocks (urbanized area)	

90th QUANTILE CAPPED COSTS

AS1	CWF & Leases deemed Cat 1
AS2	COE 4.13 including Leases
AS7	Materials & Supplies to CWF 1
AS8	Materials & Supplies to COE 4.13
AS9	Accum Depr&Amort + Non Def'd Op Tax to CWF 1
AS10	Accum Depr&Amort + Non Def'd Op Tax to COE 4.13
AS13	CWF Main Exp to Cat 1
AS14	COE Main Exp to Cat 4.13
AS15	Network & General Support Exp to CWF 1 & COE 4.13
AS16	Network Ops Exp to CWF 1 & COE 4.13
AS17	Depr/Amort Exp to CWF 1
AS18	Depr/Amort Exp to COE 4.13
AS19	Corp Ops Exp to CWF 1 & COE 4.13 - New Limit
AS20	Operating Taxes to CWF 1 & COE 4.13
AS21	Benefits (non-Corp Ops) to CWF1 & COE 4.13
AL22	Rents assigned to CWF 1 & COE 4.13
AL23	Return Component for CWF 1
AL24	Return Component for COE 4.13
AL25	Total Unseparated Costs
	Directly Capped Costs from Regression Analysis
	Indirect Caps based on flow through of Direct Caps and Actual Results

ACTUAL AMOUNT	CAPPED AMOUNT	CAP ROOM / DISALLOWED COSTS
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For your information
USF/ICC Reform Order
Revised Impacts to Legacy USF

February 23, 2012

To: General Contacts at all NECA Members

Revised Impacts to Legacy USF

The attached Excel workbook displays revised preliminary effects of the Order on your company's Legacy USF support. The analysis has been enhanced to provide greater detail and more accurate support calculations. The following changes have been made:

- 1) Two separate impact tabs have been provided:
 - The "2012 Legacy USF Impacts" tab shows the estimated effect of the Order when considering the effective dates of each provision. For example, a full year impact for those changes effective January 1 or a half year impact for changes effective July 1.
 - The "Annualized Legacy USF Impacts" tab shows a full year impact regardless of the effective date of each provision. This tab may be more useful in anticipating the effect of the order in future years.
- 2) The formulas for lines 8 and 9 have been modified to more accurately reflect the Order's provisions related to ICLS corporate operations expense limitations.

The amounts provided are estimates based on currently filed data and assumptions where Order clarification is still pending. Actual adjustments to your support amounts will be calculated by USAC and are subject to change pending further Commission and/or court action.

To calculate the effect of the Order's July 1, 2012 High Cost Loop Support (HCLS) local rate floor provision, data input may be required. If your company receives HCLS, we ask you to populate your company's average residential rate in cell J6 **on both tabs**. This amount should include your company's residential local rate, plus state regulated fees and does not include Federal Subscriber Line Charge. Your estimated HCLS may be less accurate without this input.

Please contact your member service manager with any questions.

Sincerely,

Carol A. Brennan

Attachment(s)

cc: Authorized Consultants

REDACTED – FOR PUBLIC INSPECTION

NECA Analysis

Preliminary USF Impacts of FCC USF/ICC Reform Order

STUDY AREA CODE: 452179
 COMPANY NAME: GILA RIVER TELECOM.
 HOLDING COMPANY: N/A
 STATE: AZ

Input Required when HCLS is greater than zero
 Residential Local Rate, plus state
 regulated fees, excluding Federal SLC:

2012 Legacy USF Impacts

2012 IMPACTS BY SUPPORT FUND		Eff. Date of Reform	2012 Annual	Per Line	Monthly Per Line	Line counts used for per line amounts
High Cost Loop Support (HCLS)						HCLS: Cat 1-3 Working Loops as of 9/29/2011 filing
1.	Original 2012 Support - based on 9/29/2011 NECA filing					
2.	Updated Corporate Operations Expense Formula	1/1/2012				
3.	Capital and Operating Expense Limitations	7/1/2012				
4.	Recycled Support from Capex/Opex Limitations	7/1/2012				
5.	Effect of Local Rates Below \$10 Rate Floor	7/1/2012				
6.	Adjusted HCLS		\$ -	\$ -	\$ -	
Interstate Common Line Support (ICLS)						ICLS: Working Loops per 1Q2012 filing Appendix HC-09
7.	Original 2012 Support - based on 11/2/2011 USAC filing					
8.	Applied Corporate Operations Expense Formula	1/1/2012				
9.	Capital and Operating Expense Limitations*	7/1/2012				
10.	Adjusted ICLS		\$ -	\$ -	\$ -	
Safety Net Additive (SNA)						SNA: Working Loops per 1Q2012 filing Appendix HC-06
11.	Original 2012 Support - based on 11/2/2011 USAC filing					
12.	Phase-Out Adjustment	1/1/2012				
13.	Adjusted SNA		\$ -	\$ -	\$ -	
Pre-Cap Support: HCLS, ICLS, & SNA (sum of lines 6, 10, & 13)						Cap: Weighted support per line based on individual funds.
14.	\$250/Line/Month Cap	7/1/2012	\$ -	\$ -	\$ -	
15.	Capped Support		\$ -	\$ -	\$ -	
Local Switching Support (LSS)						LSS: Per HCLS loops above
16.	Frozen 2011 Support - based on 2/1/2012 USAC filing	1/1/2012				
17.	2012 LSS Eliminated from Legacy USF **	7/1/2012				
18.	Projected LSS Recovery via CAF ICC Support **	7/1/2012				
19.	Adjusted LSS/CAF ICC Support		\$ -	\$ -	\$ -	
IMPACT SUMMARY			2012 Annual	Per Line	Percent Change	
20.	2012 Original Support (sum of lines 1, 7, 11, & 16)		\$ -	\$ -		
21.	HCLS Adjustments (sum of lines 2 through 5)		\$ -	\$ -		
22.	ICLS Adjustments (sum of lines 8 and 9) *		\$ -	\$ -		
23.	SNA Adjustment (line 12)		\$ -	\$ -		
24.	Funding Cap (line 14)		\$ -	\$ -		
25.	LSS Adjustments (sum of lines 17 and 18) **		\$ -	\$ -		
26.	Total Adjustments and Caps (sum of lines 21 through 25)		\$ -	\$ -		
27.	2012 Capped & Adjusted Support (sum of lines 20 and 26)		\$ -	\$ -		

* The Order did not include proposed methodology for calculating Capital and Operating Expense Limitations to ICLS. Impacts shown here are based on NECA's assumed methodology. See the General Information tab for more information.

** LSS will be eliminated from Legacy USF as of July 1, 2012, at which time 95% of switching costs previously assigned to LSS for 2012 may be eligible for recovery via CAF ICC Support (see section XIII of the Order).

*** HCLS local rate floor adjustment may be inaccurate without input in cell J6.""]

All information is subject to further modification pending FCC clarifications.

NECA Analysis

STUDY AREA CODE: 452179
 COMPANY NAME: GILA RIVER TELECOM.
 HOLDING COMPANY: N/A
 STATE: AZ

Input Required when HCLS is greater than zero
 Residential Local Rate, plus state
 regulated fees, excluding Federal SLIC:

ANNUALIZED Legacy USF Impacts

	Eff. Date of Reform	Annualized	Per Line	Monthly Per Line	Line counts used for per line amounts
ANNUALIZED IMPACTS BY SUPPORT FUND					
High Cost Loop Support (HCLS)					
1.	Original 2012 Support - based on 9/29/2011 NECA filing				HCLS: Cat 1.3 Working Loops as of 9/29/2011 filing
2.	Updated Corporate Operations Expense Formula 1/1/2012				
3.	Capital and Operating Expense Limitations 7/1/2012				
4.	Recycled Support from Capex/Opex Limitations 7/1/2012				
5.	Effect of Local Rates Below \$10 Rate Floor 7/1/2012 ***				
6.	Adjusted HCLS	\$ -	\$ -	\$ -	
Interstate Common Line Support (ICLS)					
7.	Original 2012 Support - based on 11/2/2011 USAC filing				ICLS: Working Loops per 1Q2012 filing Appendix HC-09
8.	Applied Corporate Operations Expense Formula 1/1/2012				
9.	Capital and Operating Expense Limitations* 7/1/2012				
10.	Adjusted ICLS	\$ -	\$ -	\$ -	
Safety Net Additive (SNA)					
11.	Original 2012 Support - based on 11/2/2011 USAC filing				SNA: Working Loops per 1Q2012 filing Appendix HC-06
12.	Phase-Out Adjustment 1/1/2012				
13.	Adjusted SNA	\$ -	\$ -	\$ -	
Pre-Cap Support: HCLS, ICLS, & SNA (sum of lines 6, 10, & 13)					
14.	\$250/Line/Month Cap 7/1/2012	\$ -	\$ -	\$ -	Cap: Weighted support per line based on individual funds.
15.	Capped Support	\$ -	\$ -	\$ -	
Local Switching Support (LSS)					
16.	Frozen 2011 Support - based on 2/1/2012 USAC filing 1/1/2012				LSS: Per HCLS loops above
17.	2012 LSS Eliminated from Legacy USF ** 7/1/2012				
18.	Projected LSS Recovery via CAF ICC Support ** 7/1/2012				
19.	Adjusted LSS/CAF ICC Support	\$ -	\$ -	\$ -	
IMPACT SUMMARY					
20.	2012 Original Support (sum of lines 1, 7, 11, & 16)	\$ -	\$ -		
21.	HCLS Adjustments (sum of lines 2 through 5) ***	\$ -	\$ -		
22.	ICLS Adjustments (sum of lines 8 and 9) *	\$ -	\$ -		
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24.	Funding Cap (line 14)	\$ -	\$ -		
25.	LSS Adjustments (sum of lines 17 and 18) **	\$ -	\$ -		
26.	Total Adjustments and Caps (sum of lines 21 through 25)	\$ -	\$ -		
27.	2012 Capped & Adjusted Support (sum of lines 20 and 26)	\$ -	\$ -		

* The Order did not include proposed methodology for calculating Capital and Operating Expense Limitations to ICLS. Impacts shown here are based on NECA's assumed methodology. See the General Information tab for more information.

** LSS will be eliminated from Legacy USF as of July 1, 2012, at which time 95% of switching costs previously assigned to LSS for 2012 may be eligible for recovery via CAF ICC Support (see section XIII of the Order).

*** HCLS local rate floor adjustment may be inaccurate without input in cell J6 " ".

All information is subject to further modification pending FCC clarifications.

Alexicon Analysis

452179	STUDY AREA CODE	
GILA RIVER TELECOM.	STUDY AREA NAME	
AZ	STATE	
ESTIMATED CHANGES IN HCL & ICLS		
HCL without Caps (status quo Corp Ops limit)	\$	
Reduction from 90th Quantile CapEx & OpEx Caps	\$	
Change from New Corp Ops Exp Limit Calc	\$	
High Cost Loop Support (capped)	\$	HCL per Loop \$
% Change		
Interstate Common Line Support (status quo)	\$	ICLS per Loop \$
Corporate Operations Expense Limit to ICLS	\$	Total per Loop \$
Reduction in Support (\$250 per loop per month limit)	\$	Reduction \$
Interstate Common Line Support (capped)	\$	
% Change		
Combined HCL & ICLS		Change (\$)
Before Caps		
After Caps		(1,619,291)

PROOF OF REGRESSION CALCULATION

RECALCULATION OF FCC CAPPED STUDY AREA COST PER LOOP

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AL25	Total Unseparated Costs	\$
AL26	Revised Study Area Cost Per Loop (SACPL)	\$
	Revised SACPL per FCC	\$

Alexicon Analysis

452179
GILA RIVER TELECOM.
AZ

STUDY AREA CODE
STUDY AREA NAME
STATE

REGRESSION CAP CALCULATION

FCC REGRESSION ANALYSIS VARIABLES

- 1 Loops (DL 060)
- 2 Housing Units (non-urbanized area)
- 3 Housing Units (urbanized cluster)
- 4 Housing Units (urbanized area)
- 5 Land Area (non-urbanized area)
- 6 Land Area (urbanized cluster)
- 7 Land Area (urbanized area)
- 8 Percent Water
- 9 Census Blocks (non-urbanized area)
- 10 Census Blocks (urbanized cluster)
- 11 Census Blocks (urbanized area)

0.000536

90th QUANTILE CAPPED COSTS

AS1	CWF & Leases deemed Cat 1
AS2	COE 4.13 Including Leases
AS7	Materials & Supplies to CWF 1
AS8	Materials & Supplies to COE 4.13
AS9	Accum Depr&Amort + Non Def'd Op Tax to CWF 1
AS10	Accum Depr&Amort + Non Def'd Op Tax to COE 4.13
AS13	CWF Main Exp to Cat 1
AS14	COE Main Exp to Cat 4.13
AS15	Network & General Support Exp to CWF 1 & COE 4.13
AS16	Network Ops Exp to CWF 1 & COE 4.13
AS17	Depr/Amort Exp to CWF 1
AS18	Depr/Amort Exp to COE 4.13
AS19	Corp Ops Exp to CWF 1 & COE 4.13 - New Limit
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AL24	Return Component for COE 4.13
AL25	Total Unseparated Costs
	Directly Capped Costs from Regression Analysis
	Indirect Caps based on flow through of Direct Caps and Actual Results

ACTUAL AMOUNT	CAPPED AMOUNT	CAP ROOM / DISALLOWED COSTS
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PH 800-351-9033
FX 800-774-2481

Western Region
PH 800-892-3322
FX 800-551-1328

North Central Region
PH 800-228-0180
FX 800-367-5058

For your information
USF/ICC Reform Order
Revised Impacts to Legacy USF

February 23, 2012

To: General Contacts at all NECA Members

Revised Impacts to Legacy USF

The attached Excel workbook displays revised preliminary effects of the Order on your company's Legacy USF support. The analysis has been enhanced to provide greater detail and more accurate support calculations. The following changes have been made:

- 1) Two separate impact tabs have been provided:
 - The "2012 Legacy USF Impacts" tab shows the estimated effect of the Order when considering the effective dates of each provision. For example, a full year impact for those changes effective January 1 or a half year impact for changes effective July 1.
 - The "Annualized Legacy USF Impacts" tab shows a full year impact regardless of the effective date of each provision. This tab may be more useful in anticipating the effect of the order in future years.
- 2) The formulas for lines 8 and 9 have been modified to more accurately reflect the Order's provisions related to ICLS corporate operations expense limitations.

The amounts provided are estimates based on currently filed data and assumptions where Order clarification is still pending. Actual adjustments to your support amounts will be calculated by USAC and are subject to change pending further Commission and/or court action.

To calculate the effect of the Order's July 1, 2012 High Cost Loop Support (HCLS) local rate floor provision, data input may be required. If your company receives HCLS, we ask you to populate your company's average residential rate in cell J6 **on both tabs**. This amount should include your company's residential local rate, plus state regulated fees and does not include Federal Subscriber Line Charge. Your estimated HCLS may be less accurate without this input.

Please contact your member service manager with any questions.

Sincerely,

Carol A. Brennan

Attachment(s)
cc: Authorized Consultants

NECA Analysis

Preliminary USF Impacts of FCC USF/ICC Reform Order

STUDY AREA CODE: 452179
 COMPANY NAME: GILA RIVER TELECOM.
 HOLDING COMPANY: N/A
 STATE: AZ

Input Required when HCLS is greater than zero
 Residential Local Rate, plus state
 regulated fees, excluding Federal SLIC:

2012 Legacy USF Impacts

2012 IMPACTS BY SUPPORT FUND		Eff. Date of Reform	2012 Annual	Per Line	Monthly Per Line	Line counts used for per line amounts
High Cost Loop Support (HCLS)						
1.	Original 2012 Support - based on 9/29/2011 NECA filing					HCLS: Cat 1.3 Working Loops as of 9/29/2011 filing
2.	Updated Corporate Operations Expense Formula	1/1/2012				
3.	Capital and Operating Expense Limitations	7/1/2012				
4.	Recycled Support from Capex/Opex Limitations	7/1/2012				
5.	Effect of Local Rates Below \$10 Rate Floor	7/1/2012				
6.	Adjusted HCLS		\$ -	\$ -	\$ -	
Interstate Common Line Support (ICLS)						
7.	Original 2012 Support - based on 11/2/2011 USAC filing					ICLS: Working Loops per 1Q2012 filing Appendix HC-09
8.	Applied Corporate Operations Expense Formula	1/1/2012				
9.	Capital and Operating Expense Limitations*	7/1/2012				
10.	Adjusted ICLS		\$ -	\$ -	\$ -	
Safety Net Additive (SNA)						
11.	Original 2012 Support - based on 11/2/2011 USAC filing					SNA: Working Loops per 1Q2012 filing Appendix HC-06
12.	Phase-Out Adjustment	1/1/2012				
13.	Adjusted SNA		\$ -	\$ -	\$ -	
Pre-Cap Support: HCLS, ICLS, & SNA (sum of lines 6, 10, & 13)						
14.	\$250/Line/Month Cap	7/1/2012	\$ -	\$ -	\$ -	Cap: Weighted support per line based on individual funds.
15.	Capped Support		\$ -	\$ -	\$ -	
Local Switching Support (LSS)						
16.	Frozen 2011 Support - based on 2/1/2012 USAC filing	1/1/2012				LSS: Per HCLS loops above
17.	2012 LSS Eliminated from Legacy USF **	7/1/2012				
18.	Projected LSS Recovery via CAF ICC Support **	7/1/2012				
19.	Adjusted LSS/CAF ICC Support		\$ -	\$ -	\$ -	
IMPACT SUMMARY			2012 Annual	Per Line	Percent Change	
20.	2012 Original Support (sum of lines 1, 7, 11, & 16)		\$ -	\$ -		
21.	HCLS Adjustments (sum of lines 2 through 5)		\$ -	\$ -		
22.	ICLS Adjustments (sum of lines 8 and 9) *		\$ -	\$ -		
23.	SNA Adjustment (line 12)		\$ -	\$ -		
24.	Funding Cap (line 14)		\$ -	\$ -		
25.	LSS Adjustments (sum of lines 17 and 18) **		\$ -	\$ -		
26.	Total Adjustments and Caps (sum of lines 21 through 25)		\$ -	\$ -		
27.	2012 Capped & Adjusted Support (sum of lines 20 and 26)		\$ -	\$ -		

* The Order did not include proposed methodology for calculating Capital and Operating Expense Limitations to ICLS. Impacts shown here are based on NECA's assumed methodology. See the General Information tab for more information.

** LSS will be eliminated from Legacy USF as of July 1, 2012, at which time 95% of switching costs previously assigned to LSS for 2012 may be eligible for recovery via CAF ICC Support (see section XIII of the Order).

*** HCLS local rate floor adjustment may be inaccurate without input in cell J6."")

All information is subject to further modification pending FCC clarifications.

NECA Analysis

STUDY AREA CODE: 452179
 COMPANY NAME: GILA RIVER TELECOM.
 HOLDING COMPANY: N/A
 STATE: AZ

Input Required when HCLS is greater than zero

Residential Local Rate, plus state
 regulated fees, excluding Federal SLIC:

ANNUALIZED Legacy USF Impacts

	Eff. Date of Reform	Annualized	Per Line	Monthly Per Line	Line counts used for per line amounts
ANNUALIZED IMPACTS BY SUPPORT FUND					
High Cost Loop Support (HCLS)					
1.	Original 2012 Support - based on 9/29/2011 NECA filing				HCLS: Cat 1.3 Working Loops as of 9/29/2011 filing
2.	Updated Corporate Operations Expense Formula	1/1/2012			
3.	Capital and Operating Expense Limitations	7/1/2012			
4.	Recycled Support from Capex/Opex Limitations	7/1/2012			
5.	Effect of Local Rates Below \$10 Rate Floor	7/1/2012 ***			
6.	Adjusted HCLS	\$ -	\$ -	\$ -	
Interstate Common Line Support (ICLS)					
7.	Original 2012 Support - based on 11/2/2011 USAC filing				ICLS: Working Loops per 1Q2012 filing Appendix HC-09
8.	Applied Corporate Operations Expense Formula	1/1/2012			
9.	Capital and Operating Expense Limitations*	7/1/2012			
10.	Adjusted ICLS	\$ -	\$ -	\$ -	
Safety Net Additive (SNA)					
11.	Original 2012 Support - based on 11/2/2011 USAC filing				SNA: Working Loops per 1Q2012 filing Appendix HC-06
12.	Phase-Out Adjustment	1/1/2012			
13.	Adjusted SNA	\$ -	\$ -	\$ -	
Pre-Cap Support: HCLS, ICLS, & SNA (sum of lines 6, 10, & 13)					
14.	\$250/Line/Month Cap	7/1/2012	\$ -	\$ -	Cap: Weighted support per line based on individual funds.
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Local Switching Support (LSS)					
16.	Frozen 2011 Support - based on 2/1/2012 USAC filing	1/1/2012			LSS: Per HCLS loops above
17.	2012 LSS Eliminated from Legacy USF **	7/1/2012			
18.	Projected LSS Recovery via CAF ICC Support **	7/1/2012			
19.	Adjusted LSS/CAF ICC Support	\$ -	\$ -	\$ -	
IMPACT SUMMARY					
		Annualized	Per Line	Percent Change	
20.	2012 Original Support (sum of lines 1, 7, 11, & 16)	\$ -	\$ -		
21.	HCLS Adjustments (sum of lines 2 through 5)	***	\$ -		
22.	ICLS Adjustments (sum of lines 8 and 9) *	\$ -	\$ -		
23.	SNA Adjustment (line 12)	\$ -	\$ -		
24.	Funding Cap (line 14)	\$ -	\$ -		
25.	LSS Adjustments (sum of lines 17 and 18) **	\$ -	\$ -		
26.	Total Adjustments and Caps (sum of lines 21 through 25)	\$ -	\$ -		
27.	2012 Capped & Adjusted Support (sum of lines 20 and 26)	\$ -	\$ -		

* The Order did not include proposed methodology for calculating Capital and Operating Expense Limitations to ICLS. Impacts shown here are based on NECA's assumed methodology. See the [General Information](#) tab for more information.

** LSS will be eliminated from Legacy USF as of July 1, 2012, at which time 95% of switching costs previously assigned to LSS for 2012 may be eligible for recovery via CAF ICC Support (see section XIII of the Order)

*** HCLS local rate floor adjustment may be inaccurate without input in cell J6 " , "")

All information is subject to further modification pending FCC clarifications.